

**Department of Commerce**  
**Statement of Secretary William M. Daley**  
**Before the Senate Environment and Public Works Committee**  
**Subcommittee on Transportation and Infrastructure**  
**Tuesday, July 14, 1998**  
**9:30 a.m.**

Chairman Chafee, Subcommittee Chair Warner, Ranking Minority Member Baucus, and distinguished Members of the Subcommittee: thank you for scheduling this hearing.

Joining me today is the Assistant Secretary of Commerce for Economic Development Phillip Singerman. Following my brief testimony, Dr. Singerman will make a statement and be available to answer any technical questions.

I am pleased to testify on S. 1647, the Economic Development Partnership Act of 1998, which would reauthorize, for five years, the Economic Development Administration. My message is clear: this legislation is critical to our ability to efficiently help our nation's distressed communities.

It is my goal as Secretary to run a department that is efficient, cost-effective, and productive for the American people.

EDA clearly achieves all of these goals.

Ninety-nine percent of its public works projects have been completed as planned. Since President Clinton took office, the agency cut the number of political positions from 14 to 5, and reduced regulations by 60 percent.

This is a leaner EDA that has learned how to do more with less.

Most importantly, it knows how to expand opportunities for Americans who need it most.

Let me be frank. I have heard the criticism that this is pork, that with an economy as strong as ours, communities do not need help developing their infrastructure or attracting new business.

The fact is these funds are predominantly invested in areas where the unemployment rate is 40 percent higher than the national average and per capita incomes are 40 percent below average.

The fact is a thriving community one day can be a distressed one the next. All it takes is a military base closure, a defense industry downsizing, a Department of Energy reduction, or a natural disaster. As Chairman Chafee knows first hand that happened in Narragansett, overnight, when suddenly an oil spill hurt the fishing industry. But within 30 days, we gave a \$1 million grant to get the community back on its feet and develop recovery plans.

I also have heard the criticism that some of these are make work projects: all they do is create short-term construction jobs. That is not so. They create permanent jobs.

The fact is six years after projects are completed, on average, the number of local jobs have doubled. And for every \$1 million Congress authorizes to fund an EDA project, that leverages \$10 million in private sector investment.

EDA's programs work.

Take Grand Forks, North Dakota, after those terrible floods in 1997 that devastated North Dakota, South Dakota, and Minnesota. We came in with a \$3 million grant to construct two professional buildings in downtown Grand Forks. Community leaders have told me, if it hadn't been for that investment, businesses would have left downtown. And the people of Grand Forks, who had already lost too much, would have lost their central business district.

Or take the Center for Employment Training in Santa Clara County, California. EDA grants totaling \$4 million over the past few years were used to convert an abandoned high school in a highly distressed Hispanic neighborhood into one of the most successful vocational training facilities in California. The Center has now expanded its programs to include a culinary school and medical assistant training -- and every student graduates into a job.

Another example is our \$2 million grant to help Portland State University build a distance learning center. It will link the university's educational programs with rural and remote areas of Oregon. So underemployed and unemployed people there can have access to academic, business, and vocational training.

I believe that in the future, what we do at EDA will be even more important. In this new economy, the pace of globalization and technology development will accelerate. We will see constant restructuring of firms and industries. All of this will require our nations communities to be more flexible and innovative in creating jobs and attracting private sector investment.

And a new EDA will be there to help. This agency has reformed for the better, and this legislation will allow it to reform even more.

It lets us reduce paperwork. It encourages state and local cooperation. It simplifies the application procedures. It provides maximum flexibility to grant recipients.

And this legislation will allow us to change the eligibility requirements for EDA assistance. Gone will be the days that once you are a designated area, you automatically remain one for life. Replacing it will be a fairer process that says simply: an applicant is eligible based on needs at the time it applies.

So, Mr. Chairman, I believe we have addressed the concerns that Congress and others have expressed over the years.

EDA has not be reauthorized since 1982. The time has come. And I look forward to working with you, as the bill moves forward.

Thank you.

